

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION )

Plaintiff, )

v. )

VLADIMIR OKHOTNIKOV, )  
JANE DOE a/k/a LOLA FERRARI, )  
MIKAIL SERGEEV, )  
SERGEY MASLAKOV, )  
SAMUEL D. ELLIS, )  
MARK F. HAMLIN, )  
SARAH L. THEISSEN, )  
CARLOS L. MARTINEZ, )  
RONALD R. DEERING, )  
CHERI BETH BOWEN, and )  
ALISHA R. SHEPPERD, )

Defendants. )

Case No. \_\_\_\_\_

JURY TRIAL DEMANDED

**COMPLAINT**

Plaintiff Securities and Exchange Commission alleges:

**I. INTRODUCTION**

1. The Commission brings this action to enjoin Defendants from violating the federal securities laws and for other relief. From at least January 31, 2020 through the present, Defendants Vladimir “Lado” Okhotnikov (“Okhotnikov”), Jane Doe a/k/a Lola Ferrari (“Ferrari”), Mikail “Mike” Sergeev (“Sergeev”), and Sergey Maslakov (“Maslakov”) (collectively, the “Founders”) created, operated and maintained an online pyramid and Ponzi scheme through Forsage.io (“Forsage”), a website that allowed millions of retail investors in the

United States and elsewhere to enter into transactions via smart contracts created by the Founders that operated on the Ethereum, Tron, and Binance blockchains. To date, these transactions have totaled over \$300 million. The Founders perpetuated Forsage and its smart contracts through aggressive online promotions and continuous development of new investment platforms. During the relevant time period, the Founders raised funds from retail investors in the United States and across the world through the unregistered offer and sale of securities in Forsage. In connection with the offer and sale of those securities, the Founders engaged in a scheme to defraud investors and further engaged in practices that operated as a fraud or deceit upon those investors.

2. During the same time period, the Founders engaged individuals in the United States – Defendants Samuel D. Ellis (“Ellis”), Mark F. Hamlin (“Hamlin”), and Sarah L. Theissen (“Theissen”) (collectively, the “Promoters”) – to promote Forsage on Forsage-hosted platforms, including the Forsage Official YouTube channel and Forsage’s education tool, the Forsage Academy. In doing so, the Promoters engaged in the unregistered offer and sale of securities in Forsage. In addition, by working with the Founders to promote Forsage in the United States, the Promoters engaged in a scheme to defraud investors and further engaged in practices that operated as a fraud or deceit upon those investors.

3. From at least June 4, 2020 through the present, Defendants Theissen, Carlos L. Martinez (“Martinez”), Ronald R. Deering (“Deering”), Cheri Beth Bowen (“Bowen”), and Alisha R. Shepperd (“Shepperd”) (collectively, the “Crypto Crusaders”) led the largest Forsage promotional group in the United States. In doing so, the Crypto Crusaders engaged in the unregistered offer and sale of securities in Forsage. In addition, by promoting Forsage in the United States, the Crypto Crusaders engaged in a scheme to defraud investors and further engaged in practices that operated as a fraud or deceit upon those investors.

4. Forsage is a textbook pyramid and Ponzi scheme. It did not sell or purport to sell any actual, consumable product to bona fide retail customers during the relevant time period and had no apparent source of revenue other than funds received from investors. The primary way for investors to make money from Forsage was to recruit others into the scheme. To participate, an investor created a crypto-asset wallet and then purchased “slots” in Forsage’s smart contracts, which gave the investor the right to earn compensation from others whom the investor recruited into the scheme (the “downlines”) and compensation from the larger Forsage community of investors in the form of profit sharing of payments known as “spillovers.” When an investor purchased a slot, a portion of that investment was directed to the persons who recruited the investor (the “uplines”) and the investor in turn became an upline to whomever the investor recruited. Thus, all payouts to earlier investors were made using funds received from later investors.

5. During the relevant time period, Forsage operated on the Ethereum and Tron, and later the Binance, blockchains, using algorithmic contracts (“smart contracts”) to direct funds to an investor as additional investors were recruited into the scheme. The smart contracts allocated payments automatically to investors’ crypto-asset wallets, to which Forsage assigned sequential identification numbers (“Forsage ID”). The lower the Forsage ID, the earlier an investor joined Forsage.

6. The Founders devised and controlled all essential operations of Forsage, including creation of the smart contracts; compensation plan; development of the Forsage website; the “back office” infrastructure; promotion of the enterprise; collection and distribution of payments to investors; design and launch of new investment platforms; and creation and maintenance of training and support tools, such as the Forsage Academy, Forsage Community, and Forsage

Customer Care Center.

7. In addition, the Founders coded one of Forsage's smart contracts on the Ethereum blockchain (Forsage xGold) to divert a portion of investor funds to a crypto-asset wallet that was not associated with a Forsage ID assigned to any investor.

8. When confronted with allegations that Forsage was operating as a pyramid scheme, the Founders, Promoters, and Crypto Crusaders expressly denied the allegations and falsely assured investors that Forsage was a legitimate operation.

9. Investors' slots in Forsage's smart contracts, and the attendant right of investors to earn compensation from sales of those slots and profit sharing from spillover payments through those slots, were investment contracts constituting securities, the offer or sale of which was neither registered with the Commission, as required by the federal securities laws, nor exempt from registration. Investors made an investment of money – using Ethereum, Tron, or Binance tokens – in a common enterprise from which they were led to expect profits solely from the efforts of Defendants or third parties.

10. As a result of the conduct alleged in this Complaint, Defendants violated Section 5 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77e; Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), 17 C.F.R. § 240.10b-5. Unless restrained and enjoined, Defendants are reasonably likely to continue to violate the federal securities laws.

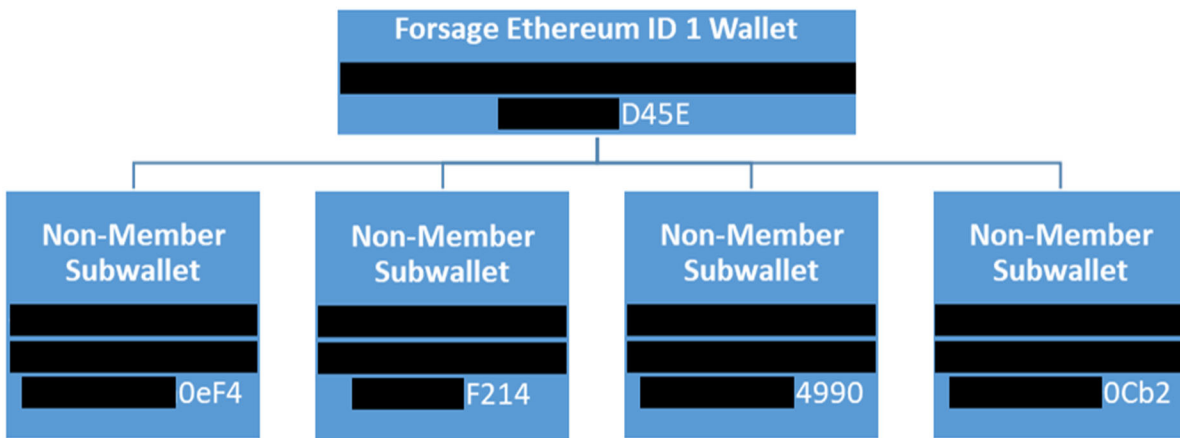
11. The Commission therefore respectfully requests the Court enter: (i) permanent injunctions restraining and enjoining Defendants from violating the federal securities laws, and restraining and enjoining Defendants from engaging in certain further conduct; (ii) an order directing Defendants to pay disgorgement with prejudgment interest; and (iii) an order directing

Defendants to pay civil money penalties.

## II. DEFENDANTS

### A. The Founders

12. Okhotnikov is a Russian national believed to reside in Tbilisi, Republic of Georgia. He is one of the co-founders of Forsage and “the face” of the operation, hosting many of its YouTube videos and appearing in interviews with lead promoters. Okhotnikov has prior experience participating in multilevel marketing (“MLM”) projects. Upon information and belief, he holds Forsage Ethereum IDs 1, 4, and 5, Forsage Tron ID 1, and Forsage BUSD ID 1, among others. In addition, the proceeds associated with Forsage Ethereum ID 1 were split equally into four “subwallets” as depicted by the graphic below. These subwallets are not affiliated with any Forsage Ethereum member IDs. On information and belief, Okhotnikov and the other three Founders have an interest in one or more of these “subwallets.”



13. Ferrari, whose actual identity is currently unknown but who holds herself out to the public as “Lola Ferrari,” is believed to be a Russian national residing in Bali, Indonesia. Ferrari is one of the co-founders of Forsage and the self-proclaimed “goddess” of Forsage, and has appeared in a number of its promotional videos and interviews with lead promoters. Ferrari has

prior experience participating in MLM projects. Upon information and belief, she holds Forsage Ethereum IDs 1 and 3, Forsage Tron ID 1, and Forsage BUSD ID 1, among others, and as alleged above, also has an interest in one or more of the four “subwallets” associated with Forsage Ethereum ID 1.

14. Sergeev, also known as “Mike Mooney,” “Gleb,” and “Gleb Million,” is believed to reside in Moscow, Russia. Sergeev is one of the co-founders of Forsage and has appeared in promotional interviews as its “development director.” Sergeev has prior experience participating in MLM projects. Upon information and belief, he holds Forsage Ethereum IDs 1, 4, and 5, Forsage Tron ID 1, and Forsage BUSD ID 1, among others, and as alleged above, also has an interest in one or more of the four “subwallets” associated with Forsage Ethereum ID 1.

15. Maslakov is believed to reside in Gelendzhik or Moscow, Russia. Maslakov is one of the co-founders of Forsage and has appeared primarily in Russian-language promotional videos for Forsage. Maslakov has prior experience participating in MLM projects. Upon information and belief, he holds Forsage Ethereum IDs 1 and 2, Forsage Tron ID 1, and Forsage BUSD ID 1, among others, and as alleged above, also has an interest in one or more of the four “subwallets” associated with Forsage Ethereum ID 1.

## **B. The Promoters**

16. Ellis, age 60, resides in Louisville, Jefferson County, Kentucky. Ellis is a lead promoter of Forsage in the United States. He has appeared regularly on the Forsage Official YouTube channel in videos produced by Forsage, often referencing discussions he claims to have had with Forsage leadership. He also appeared there in a June 3, 2021 interview with Okhotnikov. Ellis is the instructor of the Forsage Academy courses “How to Talk About FORSAGE” and “FORSAGE Ethereum: Overview.” Ellis has prior experience participating in MLM projects.

Upon information and belief, he holds Forsage Ethereum ID XX9469; Forsage Tron IDs XX7730 and XX8157; and Forsage BUSD IDs XX0116 and XX1758; among others.

17. Hamlin, age 65, is a resident of Henrico, Henrico County, Virginia. Hamlin is a lead promoter of Forsage in the United States. On or about April 23, 2020, he conducted a promotional interview of Okhotnikov that was broadcast and distributed on various social media sites, including YouTube and Facebook. Subsequently, he became the first U.S. promoter to have promotional videos posted to the Forsage Official YouTube channel. Hamlin is an instructor of the Forsage Academy courses “FORSAGE Smart Contract Full Overview” and “Train your success mindset.” Hamlin has prior experience participating in MLM projects. Upon information and belief, he holds Forsage Ethereum IDs XX0064 and XX1007; and Forsage Tron IDs XX0147 and XX0280; among others. Hamlin declined to testify in the Commission’s investigation based on his Fifth Amendment privilege against self-incrimination.

18. Theissen, age 28, is a resident of Hartford, Washington County, Wisconsin. Theissen is an administrator of the Crypto Crusaders group and a lead promoter of Forsage in the United States, primarily through large investor groups on social media platforms, including Forsage Official (on YouTube), Crypto Crusaders (on YouTube), and Crypto Journey (on Facebook). She is the administrator of CryptoKnights-in-Training, a Facebook group with over 5,000 members that serves as the training arm of the Crypto Crusaders group. On or about March 19, 2021, Theissen hosted her first video for the Forsage Official YouTube channel. Her videos provided information on marketing and strategies for investing in Forsage BUSD. On or about April 6, 2021, Theissen interviewed Okhotnikov and Ferrari regarding the launch of Forsage Binance, later known as Forsage BUSD. Theissen has prior experience participating in MLM projects. Upon information and belief, she holds Forsage Ethereum IDs XX3342, XX8733,

XX8765, XX8879, XX4280, XX4396, and XX4998; Forsage Tron IDs XX6328, XX4341, and XX9259; and Forsage BUSD IDs XX1918 and XX2042; among others.

**C. The Crypto Crusaders**

19. Martinez, age 54, is a resident of Chicago, Cook County, Illinois. Martinez is a co-founder of the Crypto Crusaders group and a Forsage promoter. He has hosted regular Forsage training and promotional webinars on the Crypto Crusaders YouTube channel. Martinez has prior experience participating in MLM projects. Upon information and belief, he holds Forsage Ethereum IDs XX7810 and XX6088, the latter of which he gifted to Deering in August 2020; and Forsage Tron ID XX6892; among others. Martinez declined to testify in the Commission's investigation based on his Fifth Amendment privilege against self-incrimination.

20. Deering, age 69, is a resident of Coeur d'Alene, Kootenai County, Idaho. Deering is a co-founder of the Crypto Crusaders group and a Forsage promoter. He has hosted several Forsage how-to videos and has participated in and/or co-hosted many of the webinars hosted by Martinez on the Crypto Crusaders YouTube channel. Deering is also the creator of the Forsage onboarding website, 5figuremonths.com. Deering has prior experience participating in MLM projects. Upon information and belief, he holds Forsage Ethereum IDs XX7517, XX2514, XX8865, XX5091, and XX6088, the latter of which Martinez gifted to him in August 2020; and Forsage Tron IDs XX0127 and XX8847; among others.

21. Bowen, age 44, is a resident of Pelahatchie, Rankin County, Mississippi. Bowen is a co-founder of the Crypto Crusaders group and a Forsage promoter. She has been a participant and co-host of many of the webinars hosted by Martinez on the Crypto Crusaders YouTube channel. Bowen has prior experience participating in MLM projects. Upon information and belief, she holds Forsage Ethereum IDs XX7957 and XX9418; and Forsage Tron ID XX1742; among



others. Bowen declined to respond to the Commission's subpoena during its investigation or appear for testimony.

22. Shepperd, age 34, is a resident of Dunedin, Pinellas County, Florida. Shepperd is a co-founder of the Crypto Crusaders group and a Forsage promoter. She has been a participant and co-host of many of the webinars hosted by Martinez on the Crypto Crusaders YouTube channel. Shepperd has prior experience participating in MLM projects. Upon information and belief, she holds Forsage Ethereum IDs XX2490 and XX7907; Forsage Tron IDs XX0916 and XX6628; and Forsage BUSD ID XX1282; among others. Shepperd declined to testify in the Commission's investigation based on her Fifth Amendment privilege against self-incrimination.

### **III. RELATED ENTITY**

23. During the relevant time period, Forsage was an unincorporated entity believed to have been established by the Founders in Russia. Forsage operated as a website ([www.forsage.io](http://www.forsage.io)), hosted by Cloudflare Inc., a web-hosting platform, and also on the InterPlanetary File System (IPFS), a peer-to-peer network of cached Internet content designed to preserve information indefinitely. The website was publicly available to investors in the United States and was unrestricted – that is, it did not require a login or password to access content, including anonymized investor information contained in its “back office,” the Forsage Academy, the Forsage Community, or the Forsage Customer Care Center. In addition, the website contained no warnings suggesting it was not intended for U.S. investors. The Founders created and controlled Forsage. At no time did Forsage have a category of securities registered with the Commission.

### **IV. JURISDICTION AND VENUE**

24. The Court has subject matter jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a); and Sections

21(d) and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa(a).

25. The Court has personal jurisdiction over Defendants and venue is proper in this District pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a), because, among other things, Martinez resides in this District, and some or all of the acts and transactions in which Defendants engaged and that constitute violations of the federal securities laws occurred in this District. In addition, this Court has jurisdiction because some or all of the Defendants engaged in conduct within the United States that constituted significant steps in furtherance of the violations of the federal securities laws alleged in this Complaint, even though some of the transactions at issue occurred outside the United States and involved foreign investors; and/or further because some or all of the Defendants, whether within or outside of the United States, engaged in conduct that had a foreseeable substantial effect within the United States.

26. In connection with the conduct alleged in this Complaint, Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, the mails, and/or the facilities of a national securities exchange – namely, through Defendants’ use of the Internet when engaging in the acts and transactions described herein.

## **V. FACTUAL BACKGROUND**

### **A. The Formation of Forsage**

27. The Founders, along with a coder and website developer, created Forsage in the fall of 2019. This work included coding the smart contract on the Ethereum blockchain and building Forsage’s website, Forsage.io. Forsage.io launched on or about January 31, 2020.

28. Forsage, through statements on its website and social media (the “Forsage

Marketing Materials”), described itself as an “international community of the global decentralized ecosystem and the first ever smart contract marketing matrix of the Ethereum and Tron networks.” Forsage claimed that its “smart contract marketing matrix” “is a self-executing software algorithm that performs the function of distributing partner rewards between community members, subject to certain conditions (matrix marketing plan).” During the relevant time period, the Founders controlled and maintained the content of the website and the Forsage Marketing Materials.

29. As described in the Forsage Marketing Materials, the Forsage compensation structure operated as follows: an investor participated in Forsage by purchasing “slots” in a smart contract created by Forsage, giving the investor certain rights to future compensation. Those payments could be earned in one of two ways: (i) by selling one or more slots to someone else; or (ii) through profit sharing in spillover payments from other investors in the larger Forsage network.

#### **B. The Forsage Investment Platforms**

30. During the relevant time period, Forsage launched smart contracts on the Ethereum, Tron, and Binance (BUSD) blockchains. Each of these respective investment platforms – Forsage Ethereum, Forsage Tron, and Forsage BUSD (collectively, the “Investment Platforms”) – contained at least three smart contracts: “Forsage x3,” “Forsage x4,” and “Forsage xGold.” Forsage subsequently launched “Forsage xXx” on the Binance blockchain. All of the Investment Platforms required an investor to buy a “slot” in a smart contract and then sell that slot to others in order to earn compensation. The Investment Platforms are depicted below:



31. To purchase a slot in any Forsage smart contract, an investor created his or her own crypto-asset wallet and populated it with funds in the form of the applicable crypto-asset token: Ethereum (Eth), Tron (TRX) or Binance (BUSD). The investor then directed payment of funds from the wallet to the Forsage x3, x4, xGold, or xXx smart contract on the corresponding blockchain. As soon as payment was made to the smart contract, the investor relinquished all control over where the investment was distributed, and the transfer of funds was irrevocable. The smart contract automatically routed the funds to other investors' wallet addresses according to the algorithm coded by the Founders. These distributions constituted the compensation paid to an investor pursuant to the Forsage x3, x4, xGold, and xXx structures and took the form of (i) payments made to an investor by downlines recruited by the investor; and (ii) profit sharing in the form of spillover payments from other investors in the larger Forsage network.

32. Spillovers were payable to investors even if they did not recruit any downlines and were made in accordance with the applicable smart contract. Forsage x4, xGold, and xXx provided spillover payments to wallets of those other than an investor's immediate upline, but Forsage did not disclose to investors how the payments would be allocated. With Forsage x3, an investor could receive spillovers if someone in their downline was "overtaken" by a subsequent investor. For instance, if an investor (Investor A) owned slot 4, his or her downline (Investor B) only purchased up to slot 3, and Investor B's downline (Investor C) later purchased slot 4, then the payments on the purchase of slot 4 by Investor C would skip that person's immediate upline (Investor B) and go to the next investor above him or her that owned slot 4 (Investor A).

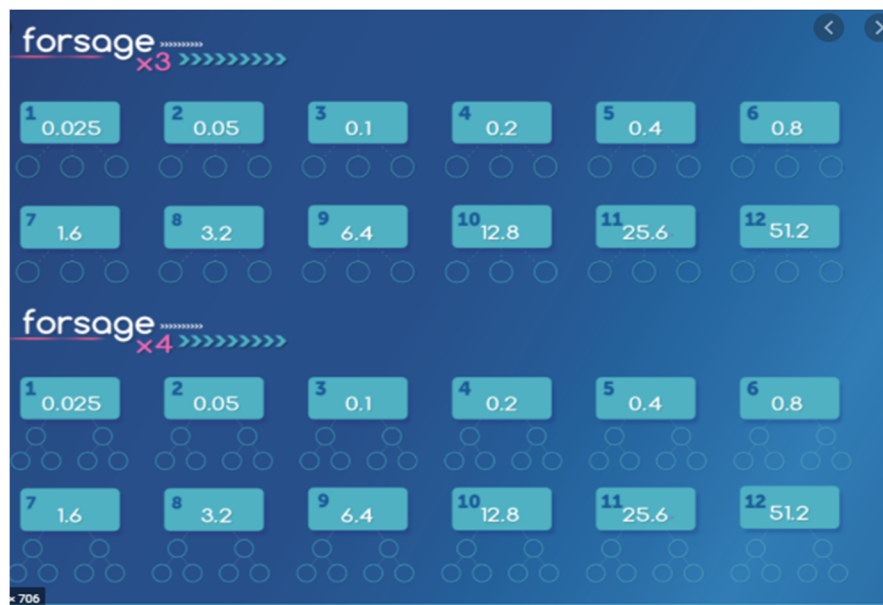
33. All of the Investment Platforms incentivized investors to purchase all available slots. Indeed, the more slots investors purchased, the greater the compensation they stood to earn from the sale of those slots in the downline chain. In that regard, the potential earning power of

the upline investors was based on the efforts of their downline recruits. In addition, the more slots that were purchased and sold, the more the Forsage community benefitted as a whole in the form of profit sharing through the spillover payments to the pool of investors who participated in accordance with the applicable smart contract.

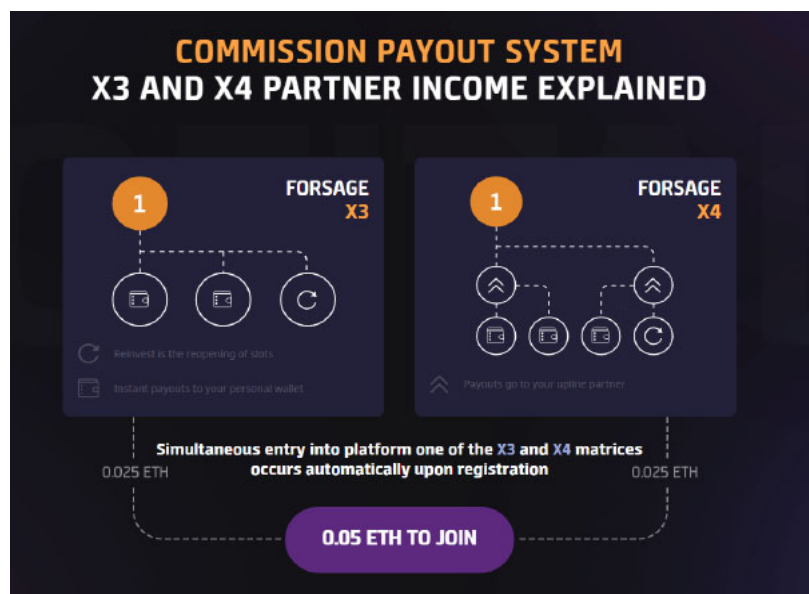
**(1) Forsage Ethereum**

34. Forsage Ethereum launched on or about January 31, 2020. The Forsage x3 and x4 smart contracts on the Ethereum blockchain were the first smart contracts deployed by Forsage. The investment structure used in x3 and x4 later was replicated on the Tron and BUSD blockchains.

35. In Forsage Ethereum, the cost of a slot in Forsage x3 or x4 – and the income that could be paid on that slot – doubled with each slot that an investor purchased. Depicted below is a chart distributed by Forsage that shows the slots, numbered 1-12, in Forsage Ethereum x3 and x4, as well as the price for each slot stated in ether (“Eth”), the token used on the Ethereum network. The cost of each slot ranged from 0.025 Eth to 51.2 Eth. The circles beneath each slot represent the number of people that needed to be recruited to buy that slot before the investor could receive their full compensation and “reopen” the slot for additional sales:



The Forsage Marketing Materials provided that “in Forsage x3, you get 100% of the payment to your Eth wallet from spots one and two. Spot three reopens the slot again and payment goes to your upline.” In addition, “[i]n Forsage x4, members who take two places below you in first line go to your upline or they spillover to someone else on your team. You receive 100% of the payments on the second line: spots three, four, and five go to your wallet, while spot six reopens this slot’s matrix again with empty spots and payment goes to your upline.” This compensation structure was depicted in the following chart on the Forsage.io website:



36. On or about January 3, 2021, Forsage launched the Forsage xGold smart contract via the Forsage Ethereum Investment Platform. The investment and compensation structure for xGold in Forsage Ethereum mirrored that for Forsage Tron (detailed below). In order to invest in xGold in Forsage Ethereum, an investor first had to invest in the x3 and x4 platforms, but simultaneous investment in x3, x4, and xGold was not required for new investors as it was in Forsage Tron.

37. Forsage's website falsely stated that "[a]ll funds [paid to Forsage] are transferred between members, there are no hidden fees," and "100% of the income goes directly and transparently to the members of the project with zero risk." In fact, the Founders coded the xGold smart contract on Forsage Ethereum to automatically divert funds paid by investors to an Ethereum wallet (the "Non-Investor Wallet"), which Forsage deployed on the same day the xGold smart contract was launched.

38. The Non-Investor Wallet was not associated with any Forsage ID and was not a Forsage investor because it never sent funds to the Forsage xGold smart contract. As of June 29,

2022, the Non-Investor Wallet received 1,029.34 Eth – essentially all of its funds – from the xGold smart contract. Based on Forsage’s own representations, these funds should have been paid to investors in compensation. In early transactions on the Ethereum xGold smart contract, all invested funds were diverted to this Non-Investor Wallet.

## (2) Forsage Tron

39. Forsage Tron launched on or about September 6, 2020. The Forsage x3 and x4 smart contracts on Tron largely mirrored the investment and compensation structure of Forsage Ethereum, except there were 15 slots in each, instead of 12, and the price for each slot was stated in tron (“TRX”), the token used on the Tron network. The cost of each slot ranged from 100 TRX to 1,097,600 TRX.

40. On or about November 6, 2020, Forsage deployed a third smart contract on the Tron Investment Platform: “Forsage xGold.” The xGold smart contract had 30 circles within each slot and a more complex, percentage-based pyramid-shaped compensation structure, as depicted in the Forsage Marketing Materials:

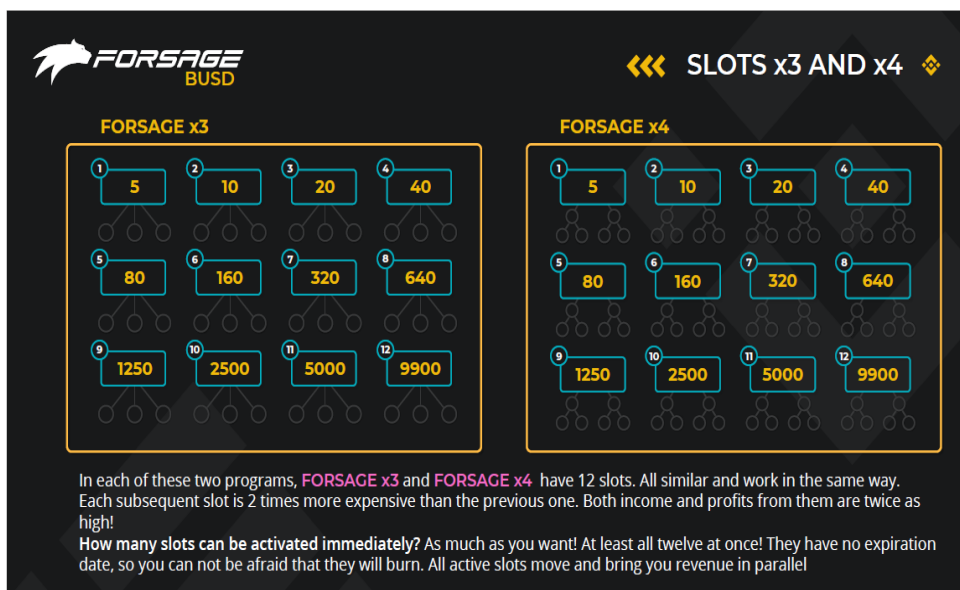




41. Investors who invested in Forsage Tron prior to the launch of xGold were given the option to invest separately in xGold. Those who joined Forsage Tron after the launch were required to invest simultaneously in x3, x4, and xGold.

### (3) Forsage BUSD

42. On or about May 31, 2021, Forsage launched the Forsage x3 and x4 platforms on a new program: Forsage BUSD. Forsage BUSD used the BUSD token, a crypto-asset on the Binance blockchain. As with Forsage Ethereum, there were 12 slots each in Forsage BUSD x3 and x4. The cost of a slot ranged from 5 BUSD to 9,900 BUSD. The Forsage Marketing Materials depicted the structure and cost of investing in Forsage BUSD x3 and x4:



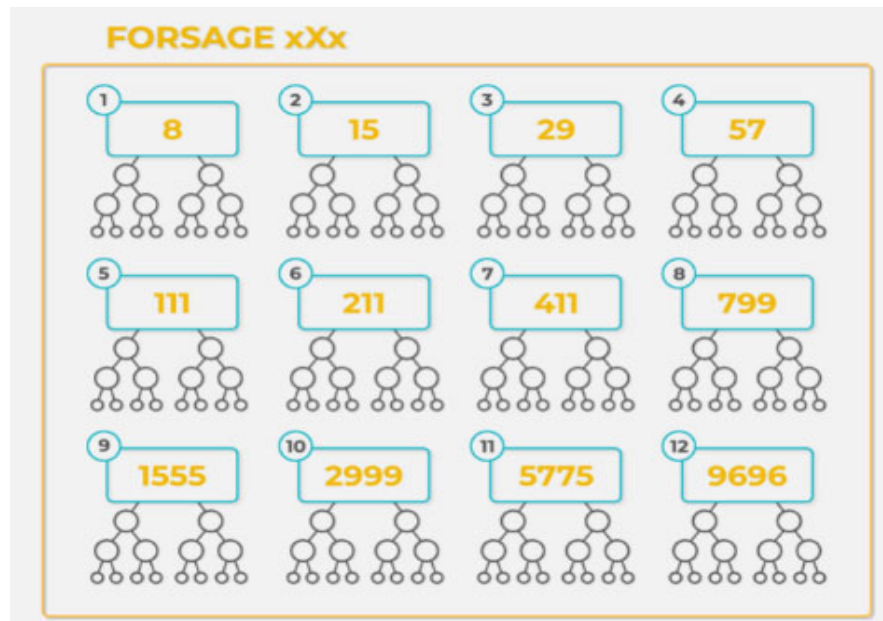
43. On or about July 17, 2021, Forsage launched the xXx smart contract on the Binance blockchain. Like x4 and xGold, xXx was designed to provide “a more advanced team-building matrix” – that is, more spillover opportunities. According to a description of the program provided on the Forsage Community website:

Activating the first three places on the second line brings 30% reward to the user and 70% reward to the upline partners. And then there’s more: activating the first seven places in line three yields 70% reward to the user and 30% reward to his upline partners. The last

places on the second line (30%) and the third line (70%) are used for the level recycle, which is the automatic opening of the same level. Recycle re-opens the same level for you, and you occupy a new place in your upline's structure.

The program is expected to have 12 levels. To activate the first level in xXx, the user must have the first levels in x3 and x4 activated. And once x3 and x4 are activated, the xXx program can be activated starting with level 1.

The Forsage Marketing Materials depicted the structure and cost of investing in Forsage BUSD xXx:



44. On or about December 1, 2021, Forsage launched xGold – its fourth and purportedly final platform in Forsage BUSD. Like the xGold smart contracts in Forsage Ethereum and Tron, Forsage BUSD xGold has “more advanced team-building” possibilities and therefore more compensation in the form of spillovers. The compensation structure in Forsage BUSD xGold is the same as in Forsage Ethereum and Tron.

#### (4) Recent Developments

45. On or about March 7, 2022, there was a split among the Founders of Forsage. Okhotnikov on the one hand, and Ferrari and Sergeev on the other, differed on the direction of Forsage, and Okhotnikov apparently was cut off from access to Forsage.io and the Telegram

channels, among other things. Okhotnikov retained control of the Forsage Official YouTube Channel, however, which he used to create videos criticizing his former partners. Soon thereafter, the two sets of Founders created their own matrix marketing platforms: Ferrari and Sergeev launched “Express Smart Game” (<https://express.game>) and Okhotnikov created “Meta Force” (<https://meta-force.space>).

46. Both platforms are variations of the compensation and recruitment structure used in Forsage and both represent efforts by the Founders to perpetuate the flow of funds into Forsage and to recruit Forsage investors into these new platforms.

47. In addition to mimicking many aspects of the Forsage matrices, Express Smart Game is directly connected to Forsage; according to its website, it “uses the same partner structure as in Forsage BUSD, so all your partners will join Express as your partners automatically. All they need is just [to] activate levels in Express game.” In a video posted on the Forsage Official YouTube Channel on March 7, 2022, Okhotnikov characterized Express Smart Game as “a pyramid scheme” and said that because Ferrari and Sergeev retained control of the Forsage.io domain, “the site forsage.io is discredited.”

48. Meta Force – also called New Forsage and Force – is an evolution of Forsage on a new smart contract. Beginning on or about March 14, 2022, Okhotnikov began promoting Meta Force as a “hard fork” of the Forsage smart contracts and invited Forsage participants to transfer their information, including the number of slots purchased on Forsage, over to Force using a Telegram bot. To build interest in preparation for Meta Force’s launch on June 29, 2022, Okhotnikov posted nearly a dozen videos to the Forsage Official YouTube Channel, later renamed the Meta Force YouTube Channel, to promote Meta Force and explain how it would work. Meta Force includes two platforms – Force Classic and Force Boost – which leverage matrices similar

to those used in Forsage. According to Okhotnikov, Meta Force initially will launch using the BUSD token but later will use a Force token that can be earned only by participating in Force marketing. Okhotnikov has stated that the price to invest in Force during the pre-launch period will be half of what it will be after the launch.

**C. Aggressive Online Promotion of the Forsage Pyramid Scheme**

49. The Founders offered slots and actively promoted Forsage online to the general public as a legitimate business investment, all the while knowing, or acting recklessly in not knowing, they were concealing from investors that Forsage really was a pyramid and Ponzi scheme. The promotion occurred predominantly via social media and the Forsage.io website, where prospective investors completed online registrations and then made their investment in Forsage.

50. During the relevant time period, the website acted as a hub of information for Forsage investors and prospective investors. It kept a running tally of the number of investors and the amount of money they earned. It also linked to the Forsage Marketing Materials and provided an overview of the Investment Platforms; select “partner results” from high earners; and answers to frequently asked questions, including how to “create a [sic] Ethereum wallet,” “how to buy /sell Ethereum or Tron if I have never dealt with cryptocurrency,” and “how can I reach my goals with Forsage.” The website also contained links to other resources controlled and maintained by the Founders, including the Forsage Community, Forsage Academy, Forsage Customer Care Center, and Forsage’s social media sites.

51. Forsage’s promotional tactics relied heavily on leveraging social media – including YouTube, Facebook, Instagram, and Telegram – to amplify its reach to potential investors. All of Forsage’s social media sites were open and accessible within the United States and around the

world.

52. In particular, Forsage had an active and visible presence on YouTube. Indeed, the Forsage Official YouTube channel, now Meta Force, currently has over 41,500 subscribers. It was updated and maintained regularly during the relevant time period with the participation and under the direction and control of the Founders. The channel contained dozens of videos in a number of languages, including English. The videos included direct communications from the Founders, polished marketing videos, instructional videos, and testimonials from lead promoters.

53. For example, the most popular video, “Forsage Overview: Earn Ethereum Daily!,” at <https://www.youtube.com/watch?v=m0NzYwFfGH4> (May 14, 2020), has been viewed over 319,000 times. This video encapsulated the false promises Forsage made to investors that it was a lucrative investment platform:

- (a) “In each of these two programs—Forsage x3 and Forsage x4—there are 12 slots. Each subsequent slot you purchase is two times the value of the previous one, and *it generates twice the income as well.*”
- (b) “Each slot generates you income unlimited times with no expiration. For example, the 0.1 Eth slot generates you 0.1 over and over again. The 0.2 Eth slot generates 0.2 Eth again and again. Then 0.4 Eth, 0.8 Eth, 1.6 Eth, 3.2 Eth, 6.4 Eth, 12.8 Eth, 25.6 Eth, and 51.2 Eth slots generate you 0.4 Eth, 0.8 Eth, 1.6 Eth, 3.2 Eth, 6.4 Eth, 12.8 Eth, 25.6 Eth, and 51.2 Eth, respectively, over and over again an unlimited amount of times.”
- (c) “How many slots can be activated immediately? As many as you want. *The more slots you activate, the more Eth you can earn*, and you will not miss out on any income from partners upgrading before you or matrix spillover.”

(emphasis added).

54. The Founders themselves promoted Forsage in numerous direct videos and interviews posted on the Forsage Official YouTube channel:

- (a) Okhotnikov has appeared in at least 45 videos and interviews posted on the Forsage Official YouTube channel. In these videos, he touted the large profits earned by Forsage investors, as well as Forsage’s security. For instance, in an

April 2020 interview with Hamlin, Hamlin introduced Okhotnikov as the “primary developer” of Forsage. Okhotnikov said that “Forsage means fast and furious.” The “matrix is a business for yours in which you can build a multimillion dollar business.” In response to a question about what the product is that Forsage sells, Okhotnikov said: “I prefer to work without product [and] to have all 100% to the partners . . . nobody is coming to [Forsage] for a product.” He concluded: people should “focus on Forsage right now and you will create a powerful long-term source of passive income.” In a subsequent interview the following month by another Forsage promoter, Okhotnikov acknowledged that he, Ferrari, Sergeev, and Maslakov were the “mastermind group” behind Forsage, and the four of them were the platform’s “creators.”

- (b) Okhotnikov also hosted a video presentation of Forsage on his personal YouTube channel on April 27, 2020, during which he attempted to distinguish Forsage from what he described as a “Ponzi scheme” by claiming that with Forsage, people were interested in being part of a “driving force” in active participation on the platform and Forsage was not for “passive” people.
- (c) Sergeev, who was introduced in interviews as the “development director” of Forsage, has appeared in at least three interviews posted on the Forsage Official YouTube channel. In a June 2020 interview in Russian and later translated to English, Sergeev assuaged concerns of a potential investor who suggested that participation in Forsage could slow down and people could lose their investments by responding that the questioner “probably had this experience on centralized projects; [I]n our case, this is practically impossible. We have a very large path to scaling.”
- (d) Ferrari has appeared in a number of promotional interviews as a “creator” of Forsage. Notably, she participated in a December 17, 2020 YouTube video interview with Okhotnikov and Sergeev, where they described how and why they created Forsage. When the interviewer asked Ferrari “you masterminded together, you created [Forsage] back in January, the end of January, that’s for the launch. But you started working on it back in the end of 2019, right? That’s where you started to work –,” Ferrari responded: “Right.” She also shared that she and the others had participated in other “projects where everyone lose [sic]” and thus created Forsage to “change the situation through online marketing.”
- (e) Ferrari also has touted the success achievable by investing in Forsage’s Investment Platforms. In a June 2020 interview in Russian, later translated to English, she shared “statistics” showing that after 119 days, the top 10 earners in Forsage (including her, ID 3) had all made at least \$69,000. In the December 17, 2020 interview, she told the story of “[t]his girl [who] built [a] house and spent only six weeks [in Forsage]. She was very poor. She didn’t have money for food, but she built a very big house. For your parents – for your – for your family, hey, come on, these people are just taking what we give and use this

opportunity to make dreams come true. This is amazing. And this is really what we created this for.” Later, in an April 2021 interview with Theissen, Ferrari said Forsage had “50 millionaires.” She specifically minimized the importance of being higher up in the pyramid – that is, by having a lower Forsage ID number – telling potential Forsage BUSD investors “the most important strategy . . . is to take care about [sic] your team” by coordinating the purchase of slots with the people you recruit.”

- (f) Maslakov has appeared in a number of Forsage promotional videos and interviews. In the early days of Forsage’s launch, he touted the success of the operation and the large profits he had earned, revealing on his Facebook page on February 1, 2020 (the day after Forsage Ethereum had launched) that he had already made approximately \$2,000. Maslakov told the public that registrations were open and that it was going to be a “hot day.” In an April 8, 2020 video on YouTube, Maslakov described the progress of Forsage and reviewed Forsage’s plans for long-term development.

55. The Founders also partnered with individuals in the United States to promote Forsage aggressively and provide information to investors and prospective investors. The Promoters provided training content to the Forsage Academy, accessible from the Forsage website, and interviewed one or more of the Founders in videos they shared on the Forsage Official YouTube channel. In addition, the Promoters all made multiple appearances on the Forsage Official YouTube channel to stimulate interest in Forsage:

- (a) Since January 2021, Ellis has hosted weekly webinars on the Forsage Official YouTube channel. In one of his weekly webinars, Ellis told investors that “[t]he smart contract is funding my hopes and dreams” and “[y]ou are going to make three to four figures a week, paid instantly to your wallet.” Forsage is a “permanent asset that is going to pay you over and over again.” “You get to work from home, all you need is a computer, and you can make hundreds and hundreds of thousands and even millions.”
- (b) Later, Ellis told viewers on the Forsage Official YouTube channel that “with the 3 get 3 strategy, you are going to get spillovers, I guarantee it” and that he is “looking forward to you never having to work again.”
- (c) Prior to the launch of Forsage BUSD, Ellis began promoting the automated “3 get 3” strategy on the Forsage Official YouTube channel. Using Telegram, he created a strategy where investors could message a dedicated Telegram channel and Ellis’s team would automatically assign that person and two other investors to an upline, thus obviating the need for recruitment by Forsage



investors.

- (d) As an early promoter of Forsage, Hamlin told investors on the Forsage Official YouTube channel they should expect to “bring in an extra three to four figures per week, paid instantly from anywhere there is WiFi access” and “obtain financial freedom.”
- (e) Theissen, who became most active on the Forsage Official YouTube channel as Forsage BUSD prepared to launch, told investors and potential investors on March 19, 2020 that she had invested with just \$300 in June 2020 and now could pay her bills and work from anywhere.
- (f) On March 26, 2021, Theissen hosted a “pre-launch” webinar event for Forsage Binance, an early version of Forsage BUSD that intended to use the BNB token but ultimately did not launch. She told investors that “we want to help you with this new opportunity to grow your income with Forsage” and motivated viewers by favorably comparing Binance to Ethereum. She added: “We’re predicting [Forsage Binance] is going to be even bigger than the launch of Ethereum and Tron.”
- (g) A few weeks later, on April 3, 2021, Theissen interviewed Okhotnikov, Ferrari and Sergeev in another webinar event on the Forsage Official Telegram Channel for the launch of Forsage Binance.

56. The content the Founders and Promoters created on these various media platforms was meant to be leveraged by Forsage investors to aid in recruiting new investors. Investors were encouraged to share the links to these videos with others and/or to invite potential investors to the webinars.

57. The Crypto Crusaders were the most successful Forsage promotional group in the United States, largely because they emulated the Forsage marketing strategy created by the Founders. Indeed, the Crypto Crusaders YouTube channel and Facebook group have had over 75,000 subscribers.

58. Since the summer of 2020, Martinez hosted twice-weekly webinars on the Crypto Crusaders YouTube channel. On Mondays, he held webinars for individuals who had already invested in Forsage. These “training” webinars often included testimonials, as well as tips on social media marketing and responding to investor questions. Shepperd, Theissen, Bowen, and



Deering regularly appeared on these webinars as “leaders.” On Wednesdays, Martinez hosted his so-called “Weekly Webinars” that were aimed at recruitment. These typically included a 30-minute presentation on Forsage Ethereum (and later Tron), followed by testimonials from Forsage investors within the Crypto Crusaders group. The testimonials uniformly highlighted how much the person had invested and how much they had earned in a short period of time.

59. In Martinez’s webinars and other videos posted on their YouTube channel, the Crypto Crusaders touted the transformative income that could be made by investing in Forsage:

- (a) On January 13, 2021, Martinez told viewers he joined Forsage Ethereum in June 2020 and paid off \$43,000 in credit card debt in two months. Later, in March 2021, as participation in Forsage Ethereum slowed, Martinez touted Forsage Tron in a video entitled “Weekly Forsage Training 3-8-2021.”
- (b) In Martinez’s video on January 13, 2021, Shepperd said she invested \$1,600 and made over \$1 million in seven months and had 22,000 people in her downline. Later, in another video on January 26, 2021, Shepperd instructed her audience how to create a marketing speech and even gave them an example of her pitch: “Hey Sally, what’s up? I know we haven’t talked in a bit but I just have to tell you what I got myself into. Honestly, I couldn’t be more excited. I just got myself into the world of crypto and we’re making high commissions, and we have no product pushing and no monthly requirements. And my mentor just made \$5,000 in five days and she’s teaching me how to do the exact same thing. Would you be interested in checking out what we are doing? If not, no worries. But if you would get back to me either way that would be amazing.”
- (c) In a February 10, 2021 webinar, Deering told viewers he had made “life changing money” in Forsage. Although he started with an investment of \$400 and directly recruited only 10-12 people, he developed a team of 9,000 people, including “at least four seven-figure earners” (including himself) and “an amazing number of six-figure earners.” He further told investors they could still make a lot of money in Forsage without really understanding it: “be prepared to get uncomfortable.”
- (d) In a webinar entitled “Weekly Forsage Training 2-17-2021,” Bowen told viewers she joined Forsage as a Level 8 for \$3,100 on June 8, 2020 and had made \$1.1 million in eight months.

60. The Crypto Crusaders were aggressive in their marketing of Forsage. For example,

Martinez had at least 45,000 partners in his structure. And the Crypto Crusaders were blunt about their recruitment strategy with investors – that is, negative statements about Forsage were not tolerated and they warned investors that if they complained or failed to recruit additional people into Forsage, they would be removed from the Crypto Crusaders’ Facebook groups.

61. Despite this aggressive promotion of Forsage as an income-generating opportunity, the significant level of earnings Defendants highlighted was not representative of the profits most investors generated. Indeed, the “financial freedom” Defendants touted simply was not attainable for most investors given that Forsage operated as a pyramid scheme. In fact, as with most such schemes, the wealth was concentrated primarily at the top of the pyramid, with Defendants, who held earlier Forsage IDs, benefitting at the expense of later investors. Additionally, Defendants knew, or were reckless in not knowing, that as a pyramid scheme, Forsage was unsustainable and investment interest would decline.

**D. Forsage Had a Centralized Support Structure**

62. The Founders remained deeply involved in Forsage’s operations and continued sustainability during the relevant time period, despite claiming to investors that Forsage was “the world’s first 100% decentralized matrix project” through the Forsage Marketing Materials and website. Indeed, the Founders created and launched the smart contracts underpinning the entire operation, maintained the infrastructure to sustain the scheme, and played a central managerial role in ensuring the operation and success of the Forsage Investment Platforms, including the introduction of Forsage BUSD as the newest investment opportunity to keep the scheme afloat.

63. The Founders actively marketed their involvement and ongoing support to investors as a feature of the Investment Platforms. As stated in an online promotional video on Forsage’s Official YouTube channel: “Our winning team provides all of the training, resources, step-by-step

tutorials, and support to help you achieve your goals.”

64. The Founders created and maintained the Forsage.io website as an interface for purchasing slots in the Forsage smart contracts. They also maintained and supervised the Forsage Academy and Forsage Community, accessible through the website, to educate investors and prospective investors. All of the Promoters created videos and other content for the Forsage Academy in the United States.

65. The Founders also have continued to increase the resources available to Forsage investors, most recently in support of Forsage BUSD. In a video posted on the Forsage Official YouTube channel on June 13, 2021, Okhotnikov told new investors in Forsage BUSD: “If you go to the website sections Forsage Community and Forsage Academy, you will find video tutorials and instructions for working with the platform using tips of how to effectively develop your structure and other materials in different languages.”

66. Indeed, to bring on a new recruit to any of the Forsage smart contracts, an investor merely had to share a digital link to the Forsage.io website associated with the investor’s Forsage ID. The recruit then could register, access Forsage’s “back office” system, and set up a crypto-asset wallet for purchasing slots and receiving compensation. The Founders managed and controlled this recruitment infrastructure.

67. Further, Ellis, with knowledge of the Founders, created an automatic recruitment system on his Telegram channel, telegram.samellislive.com, that he employed to support investors in Forsage BUSD. As described in numerous videos Ellis posted on the Forsage Official YouTube channel, the “3 get 3” system automatically assigned three people to an investor’s downline, eliminating the need for active recruitment. Using this system, and with coordination among the assigned investors to “reinvest” their earnings to buy all of the slots, Ellis represented he could

“guarantee” that investors would make money.

68. Given the abundant instructional information disseminated by the Founders and Promoters on how Forsage worked and how investors could participate, and given the Founders’ maintenance and control over Forsage’s smart contracts, website and the Forsage Marketing Materials, as well as their direct participation in numerous videos and interviews, the ultimate success of a Forsage investor’s recruitment efforts and corresponding level of compensation were substantially dependent on the efforts of the Founders and Promoters themselves.

**E. The Founders Capitalized on Forsage’s Pyramid Structure**

69. The Founders positioned themselves at the top of the recruitment pyramid, entitling them to future compensation from most of the investors recruited into Forsage as a result of the compensation structure set up on the x3, x4, and xGold smart contracts on each of the Investment Platforms. In that regard, the Founders’ financial success and the investors’ financial success were intertwined.

70. Upon information and belief, many of the initial transactions in Forsage Ethereum were made by the Founders, who may hold multiple earlier Forsage IDs in Ethereum and the other Investment Platforms. In a video posted to the Forsage Official YouTube Channel on April 3, 2022, Okhotnikov stated that “‘surplus income’ is what marketing should have been going to ID 1’s uplines if ID 1 had an upline. In the old scheme [Forsage], the creators took this part of the income for themselves.”

71. In addition, on information and belief, the Founders also jointly hold Forsage ID 1 for each of the Forsage platforms, which sits at the very top of each of the Investment Platform pyramids. During the relevant time period, the Forsage.io website contained the frequently asked question: “Can I register on the website without a [upline] partner link?” And the answer: “Yes.

Registration without an invitation link will put you in the id 1 team.”

72. For example, according to the Forsage Back Office, as of May 10, 2022, Forsage Ethereum ID 1 had directly recruited approximately 4,427 investors; Forsage Tron ID 1 had directly recruited approximately 7,338 investors; and Forsage BUSD ID 1 had directly recruited approximately 10,956 investors.

73. Below are two screenshots from the “Partners” tab of the Forsage Ethereum back office for Forsage ID 1. They show the earliest “partners” – that is, investors – recruited by ID 1, as well as those investors’ own ID numbers, dates of registration, Ethereum wallet addresses, number of slots purchased in Forsage Ethereum x3, x4, and xGold, profits earned in ether and U.S. dollars, and the number of “partners” they directly recruited:

ID	Registration date	Wallet	x3	x4	xGold	Profit	Partners
438	2020.02.04 01:20	██████████85f3	1	1	0	0.025 / \$49	1
437	2020.02.04 01:01	██████████11f0	1	1	0	0 / \$0	0
436	2020.02.04 00:27	██████████dd14	1	1	0	0.025 / \$49	0
408	2020.02.03 05:58	██████████d1ae	2	4	0	0 / \$0	0
406	2020.02.03 04:25	██████████030d	2	2	0	0 / \$0	0
400	2020.02.02 22:03	██████████d816	1	1	0	0.075 / \$146	1
399	2020.02.02 22:02	██████████a04c	1	1	0	0.125 / \$243	2
384	2020.02.02 02:22	██████████2d8f	1	1	0	0.025 / \$49	0
375	2020.02.01 23:07	██████████f10d	3	3	0	0.45 / \$874	0
373	2020.02.01 22:01	██████████5946	1	2	0	0.225 / \$437	0
359	2020.02.01 20:35	██████████282c	4	4	0	1.3 / \$2523	16
148	2020.02.01 04:13	██████████0d5d	3	4	0	0.9 / \$1747	1
129	2020.02.01 02:53	██████████cbaa	4	6	0	3.7 / \$7182	0
114	2020.02.01 01:56	██████████3973	2	4	0	0.8 / \$1553	11
72	2020.02.01 00:45	██████████2dc9	3	4	0	1.3 / \$2523	8
64	2020.02.01 00:38	██████████576d	12	12	0	2148.327 / \$4170332	431
61	2020.02.01 00:32	██████████1257	7	8	0	30.575 / \$59353	13
42	2020.01.31 23:39	██████████633e	5	4	0	9.05 / \$17568	82
38	2020.01.31 23:33	██████████4cd3	1	3	0	0.575 / \$1117	1
35	2020.01.31 23:21	██████████91cd	1	1	0	0.075 / \$146	0
31	2020.01.31 23:18	██████████9e9a	1	4	0	0.65 / \$1262	0
26	2020.01.31 23:07	██████████030f	7	6	0	8.975 / \$17422	5
7	2020.01.31 22:01	██████████d01a	9	10	1	120.2851 / \$233497	20
5	2020.01.31 21:27	██████████9823	12	12	15	534.251 / \$1037089	2108
4	2020.01.31 21:24	██████████55e1	12	12	15	799.71 / \$1552397	253
1	175	176	177	178			

ID	Registration date	Wallet	x3	x4	xGold	Profit	Partners
3	2020.01.31 21:16	██████████0cb2	12	12	15	676.25 / \$1312736	79
2	2020.01.31 21:03	██████████ea37	12	12	5	481.5303 / \$934747	981
1	175	176	177	178			

74. According to these charts, Forsage Ethereum IDs 1 through 5, believed to belong to the Founders, have earned at least 481 Eth each, and were the uplines for thousands of subsequent investors. Additionally, because they were at the top of the pyramid, the Founders would be entitled to receive additional upline payments as “spillovers” and by overtaking those in their downline who had not purchased all available slots. As alleged above, according to

Okhotnikov, because ID 1 does not have an upline, the Founders retained profits that otherwise would be distributed by the smart contracts to other investors.

75. Below is a screenshot of the most recent additions to Forsage Ethereum ID 1's downline. It shows that most of the investors recruited by ID 1 since January 2021 made \$0 profit and were unable to recruit any "partners." As expected from a pyramid scheme, when Forsage Ethereum started to slow in its attraction of new investors, these downline investors lost most or all of their investment. However, ID 1, as the upline, would have received 100% of their investment as described above:



ID		Registration date	Wallet	x3	x4	xGold	Profit	Partners
6923		2022.03.08 22:54	[redacted]1b6f	1	1	0	♦ 0 / \$0	0
6486		2021.05.31 18:15	[redacted]706f	1	1	1	♦ 0 / \$0	0
5884		2021.04.12 00:26	[redacted]be93	3	1	1	♦ 0 / \$0	0
5870		2021.04.11 00:16	[redacted]8bb8	2	2	0	♦ 0 / \$0	0
5718		2021.04.02 20:05	[redacted]1bab	1	1	0	♦ 0.05 / \$96	0
5210		2021.03.13 08:23	[redacted]d48b	1	1	0	♦ 0 / \$0	0
5090		2021.03.11 02:06	[redacted]b632	1	1	0	♦ 0 / \$0	0
5084		2021.03.11 00:37	[redacted]71c9	1	1	0	♦ 0 / \$0	0
4313		2021.02.28 14:42	[redacted]4a18	1	1	1	♦ 0.06 / \$115	0
3690		2021.02.24 01:16	[redacted]61e9	1	1	0	♦ 0.05 / \$96	0
3335		2021.02.20 20:59	[redacted]e4b6	2	1	0	♦ 0 / \$0	0
3269		2021.02.20 04:29	[redacted]14a6	1	1	0	♦ 0.025 / \$48	1
2438		2021.02.13 10:22	[redacted]0b27	1	1	0	♦ 0.025 / \$48	0
1486		2021.02.08 13:00	[redacted]b2b3	1	1	0	♦ 0 / \$0	0
0281		2021.02.05 06:19	[redacted]bcbf	2	2	0	♦ 0 / \$0	0
9637		2021.02.02 20:05	[redacted]7fd4	5	2	1	♦ 0 / \$0	0
9197		2021.01.31 17:46	[redacted]65e6	2	2	1	♦ 0 / \$0	0
9049		2021.01.31 00:22	[redacted]757c	1	1	0	♦ 0 / \$0	0
8263		2021.01.28 12:40	[redacted]c23b	1	1	0	♦ 0 / \$0	0
8151		2021.01.28 06:53	[redacted]db85	1	1	0	♦ 0 / \$0	0
7533		2021.01.26 23:53	[redacted]4248	1	1	0	♦ 0 / \$0	0
6693		2021.01.24 15:11	[redacted]9c2b	1	1	0	♦ 0 / \$0	0
6692		2021.01.24 15:08	[redacted]df46	1	1	0	♦ 0 / \$0	0
6691		2021.01.24 15:06	[redacted]65ea	1	1	0	♦ 0 / \$0	0
6690		2021.01.24 15:01	[redacted]74d9	1	1	0	♦ 0 / \$0	0

1 2 3 4 5 6 178

**F. Forsage Operated as a Pyramid and Ponzi Scheme and, Like Most Such Schemes, was Not Sustainable**

76. Sales of slots in Forsage's smart contracts began on or about January 31, 2020 and have continued through the present. According to the running tally on the Forsage.io home page, the total appreciated value of funds raised from sales of slots was as high as \$2.9 billion in May 2021. As of May 10, 2022, at least 1,056,932 Forsage investors participated in Ethereum; 455,246 participated in Tron; and as of the present, at least 434,992 are participating in BUSD.



77. Through their participation in Forsage, and as of April 25, 2022, Defendants received the following payment amounts in the form of the compensation described above, representing the U.S. dollar value of the Ethereum, Tron, and BUSD tokens at the time the payments were received: (i) as for the Founders, on information and belief, they jointly received at least \$4,803,943; Okhotnikov and Sergeev received additionally at least \$433,909; Ferrari received additionally at least \$256,731; and Maslakov received additionally at least \$110,741; and (ii) as for the remaining Defendants, Ellis received at least \$72,405; Hamlin received at least \$565,828; Theissen received at least \$130,118; Martinez received at least \$462,925; Deering received at least \$267,075; Bowen received at least \$303,000; and Shepperd received at least \$549,075.

78. Defendants knew, or were reckless in not knowing, that Forsage was an illegal pyramid scheme. Defendants had previously participated in other MLM projects and knew, or were reckless in not knowing, that Forsage did not sell or offer to sell any product to bona fide retail investors – that is, individuals who are consumers of an actual, consumable product and not participants in an income opportunity. In that regard, Defendants knew, or were reckless in not knowing, that Forsage was not engaged in any bona fide retail sales. Instead, it was focused solely on the sale of the right to participate in an income opportunity.

79. In addition, because the proceeds raised through sales of slots derived from investors who recruited additional investors, the payouts under Forsage's compensation structure were made based solely on investments from the later investors. In using these later investments to pay earlier investors, Defendants knew, or were reckless in not knowing, they were operating a classic Ponzi scheme.

80. In addition, during Forsage's operation, at least two governmental authorities

accused Forsage of perpetrating an illegal scheme. On June 30, 2020, the Securities and Exchange Commission of the Philippines (“Philippines Commission”) issued a public notice that it had been investigating Forsage, and advising that Forsage was engaged in the unregistered offer and sale of securities in the Philippines and that Forsage’s structure indicated the potential for a scheme. Later, on September 23, 2020, the Philippines Commission concluded its investigation, and found that Forsage had engaged in the unregistered offer and sale of securities and that it, in fact, operated as a fraudulent scheme. Similarly, the Montana Commissioner of Securities and Insurance (“Montana CSI”) also had been investigating Forsage, and issued a cease and desist order on March 22, 2021, on the basis that Forsage was operating as a fraudulent scheme.

81. On numerous occasions, and despite their prior participation on MLM projects and knowledge from their involvement in Forsage, Defendants disputed the accusations that Forsage was a fraud and specifically represented to the public that Forsage was not operating as an illegal scheme. For example:

- (a) In a video posted online on June 21, 2020, featuring an interview with Okhotnikov, Ferrari, and Sergeev, Ferrari deflected from the market saturation concerns inherent in a pyramid scheme by highlighting the “decentralized” nature of the Forsage platforms on the blockchains: “Before that what did we have? All the money accumulates in the system. You have a beautiful check in your account and how do you withdraw it? What can the admin do? He can do it this way: there is someone too successful on your team under you, so let’s rearrange him to us. You are not following the right strategy, let’s just remove you from there. [The Ethereum blockchain] allowed us to make a project where the administration does not keep the money. Someone brought in a partner that interacted through a smart contract and money passed onto whom they should come; what could be better? And it does not change and everyone sees it.” Ferrari then attempted to legitimize Forsage as an MLM, but pointed out: “This is MLM business. Everything is fixed on Ethereum. Yes, the Ethereum will grow, but everything is fixed. And if you brought one partner, all the one [who] it should go. It does not depend on volatility. Here everyone decides for themselves when to withdraw, hold, no hold, and so on.”
- (b) In the same June 21 video, Sergeev also focused on the “decentralized” system at Forsage: “Our marketing is absolutely fair and transparent. All the stages are viewed. Moreover, it is a blockchain where nothing is hiding; any

transaction, every step, every action is recorded along the blockchain forever. As for security, cryptocurrency security is separate issue. A lot of time can be devoted to this. As for the site itself, we are now changing the concept; we want to exclude the concept of project, we want to stick to the concept of community more. The reason for it, as I say here, because we want to follow the principle of decentralization as much as possible.” When asked by the interviewer specifically about the market saturation concerns that might lead an investor to conclude Forsage was a scam, Sergeev responded: “Yeah, I would like to point out that he probably had this experience on centralized projects. Such projects tend to have problems with scalability. People facing various difficulties – the project loses stability – but in our case this is practically impossible. We have a very large path to scaling.”

- (c) And Okhotnikov himself added in the same June 21 video: “[We] have a huge number of people who write to me constantly every day – ‘We’re tired of scams. We’re tired of constantly losing there. We’re tired of sickness by this investment projects.’ Therefore, a huge part of the audience, which will [have been] disappointed several times, will come to us later and in fact we’re pulling from investment projects and we’ll pull huge numbers of people. . . . We even have the banners with ‘Tired of scams?’ sign or something like that. . . . Therefore, this objection, in my opinion, is not about anything in this case because the potential is not comparable. There is nothing to compare here because at the moment, I think, in Forsage, is only a warm-up and we’ll definitely have many partners that will become millionaires. Already now it’s clear that everything does not depend on whether you were at the very beginning or very late; anyone can earn more than creators. The idea was originally to create an opportunity that anyone can use, no matter who they are and where they came from. . . . This roadmap we’re talking about is going to create a lot of things around the community.”
- (d) On August 17, 2020, Maslakov posted a video on YouTube denouncing the Philippines Commission’s investigation as “nonsense” and that “all people who have a common sense laughed at this.” As with the other Founders, Maslakov too highlighted Forsage’s decentralized structure and emphasized Forsage investors’ ability to “develop here as he/she likes, as effectively as he/she wants, anything he/she likes. There are no limits.” He claimed that “Forsage is not engaging in investment-taking activities.” Maslakov then proceeded to dismiss the scheme allegations as being purely motivated by what he termed as “something [the critics] can’t control” which makes them accuse Forsage of “mortal sins.”
- (e) On September 7, 2020 and October 8, 2020, in videos posted on YouTube for the Forsage Academy and on his Facebook page, Hamlin specifically described investments in Forsage as “absolutely real” and “absolutely legal” and that Forsage was “not an investment scheme.” He went on to state to his audience: “Goodness gracious man, we begin to share this smart contract and what it can do and then you have other people with their negativity because

they have a lack of knowledge and they want to put that negativity on you.”

- (f) On October 25, 2020, Deering released a 10-minute video on YouTube during which he explained why Forsage was not a scheme. According to Deering, Forsage “doesn’t have a single thing in common with [a] scheme” because “nobody can take your money;” Forsage is “100% decentralized;” and the “requirement of a material product is an obsolete stereotype.” Deering went on to advise his audience that they should “look up what [a Ponzi/pyramid scheme] is and then go learn about it before you open your mouth and start badmouthing something.”
- (g) In an online webinar on December 17, 2020 featuring Okhotnikov and Ferrari, Ferrari explained her prior experience with MLMs and attempted to distinguish Forsage when the interviewer noted a number of “crypto projects” shut down and investors lose money: “Centralized projects, yes, where everyone can close you, withdraw money; you only put your last \$3,000 and lose on the next day. Oh, come on! I just yesterday invited 25 of my close friends! My mama, my papa, my [unintelligible] . . . Really? Oh, I cry all these tears. . . . I say, sorry guys, I will change everything. We will be in Forsage . . . . We created for people [so] do not see anymore: ok, when I lost my 3,000 after 2,000 after my last \$100, it was no problem for me. But I saw how people sell houses, sell cars, and became homeless just believing in centralized projects and believing in free money. I just didn’t want to see these people homeless. That’s it.”
- (h) Beginning in or around February 2021, Martinez has hosted a weekly webinar on the Crypto Crusaders’ YouTube channel where, among other things, participants dispelled concerns that Forsage was a scheme. On February 10, 2021, Martinez interviewed a guest who denied Forsage was a scheme, and he confirmed his guest’s view.
- (i) Bowen also participated in one of Martinez’s weekly webinars on the Crypto Crusaders’ YouTube channel on February 17, 2021, where she extolled Forsage and stated “I love the fact that I don’t have to sell products with Forsage.”
- (j) On February 18, 2021, Ellis told his followers in a YouTube video that “[w]e can overcome [objections] that [Forsage] is a pyramid. . . . I don’t know why people would get that objection [that this is a pyramid scheme], unless they’re talking about bringing it up themselves. But if you treat it and talk about this as a business – which it is – that it could make you millions of dollars, then people aren’t even going to focus on that negativity.”
- (k) Okhotnikov participated in an interview on February 27, 2021 with Forsage Indonesia which was later published on YouTube. In response to the question as to whether Forsage was a scam, Okhotnikov stated: “Forsage is an anti-pyramid. There are lots of financial pyramids around, the main [unintelligible] of which is that they certainly collect money from participants, accumulate

debts to participants, and those who came earlier earn money, who came later loses money. Forsage does not accumulate funds; its balance is always zero. Forsage has no debts; all funds go instantly to the personal balances of the participants' wallets. And your income does not depend on when you come here, so it cannot be scammed."

- (l) On March 3, 2021, another of Martinez's guests on one of his weekly webinars on the Crypto Crusaders' YouTube channel stated how initially she thought Forsage was a scam and was apprehensive about investing in it, and even referenced that her husband is a police officer, but then claimed to have a "lightbulb" go off and became comfortable that Forsage was not a scheme but was in fact "legitimate."
- (m) A few weeks later, Okhotnikov participated on another panel for Forsage Philippines that was published to YouTube on March 6, 2011, during which he specifically addressed the accusations made by the Philippines Commission: "Many of you have heard of the claims of the Philippines Securities Commission. At least I've heard of strange claims. Forsage has nothing to do with either securities or investment. As you know, Forsage is absolutely outside the purview of the SEC. From the publication, it is others that they did not start at least the public information involved the Forsage. That is, they were too lazy to conduct at least some kind of investigation, although we have nothing to hide. Comparing Forsage to Ponzi scheme is false information. And that's what I wanted to say. In addition, the Philippine SEC has absolutely no understanding of how a [smart] contract works, and what a blockchain is. We tried to contact the Little Sheep of Philippine SEC. I wrote them letters many times, but they didn't answer. Seems like they have nothing to answer. Forsage is fully decentralized smart contract on the blockchain. And if the blockchain is not prohibited in your country. . . then everything that works on the blockchain is allowed."
- (n) Two days after that, Bowen hosted a webinar on the Crypto Crusaders' YouTube channel where she advised her audience not to list Forsage's name in any Facebook posts because, according to Bowen, people would Google Forsage and see videos and articles that it was a Ponzi scheme.
- (o) Ellis further stated in another YouTube video on March 11, 2021 that the content of the materials in the Forsage Academy was to "make sure that governments and officials understand that we're not some scam, a pyramid scheme." And a few months later, on June 24, 2021, Ellis hosted an online webinar where he featured a guest who called the accusation that Forsage was a pyramid a "myth" that had to be "bust[ed]."
- (p) On April 5, 2021, Martinez specifically addressed the Montana CSI's cease and desist order in one of his weekly webinars on the Crypto Crusaders' YouTube channel, stating that it had "no basis" and that the Montana CSI "doesn't understand crypto at all." He went on to assure his audience that "Forsage leadership" was looking into the matter to get the cease and desist

order “removed.” One of his guests also denied that Forsage even involved an investment contract, and that both the Montana CSI and the Philippines Commission just made allegations that Forsage was a scheme – but neither authority had “proven [Forsage] guilty.”

- (q) Deering participated in the April 5, 2021 webinar hosted by Martinez, and Deering addressed the Montana CSI’s findings by noting “everything that they say in there is not correct.”
- (r) Theissen, Shepperd, and Bowen also participated in the April 5, 2021 webinar along with Martinez and Deering. In addition, one of the Crypto Crusaders’ group investors raised concerns with Shepperd that Forsage was a scheme. After the investor complained publicly about it, Shepperd blocked the investor from the group’s Facebook page.
- (s) Notably, after their April 5, 2021 webinar, the Crypto Crusaders removed or made “private” their Forsage promotional videos on both the Crypto Crusaders and Forsage Official YouTube channels.
- (t) On April 6, 2021, in a YouTube interview Theissen conducted of Okhotnikov, Ferrari, and Sergeev for the launch of Forsage Binance, Okhotnikov acknowledged the slowdown in enrollment in Forsage Ethereum and Forsage Tron, but attributed that to high transaction fees and technical errors on the Ethereum and Tron blockchains, extolling the Binance blockchain’s “impeccable reputation.” He noted that Forsage Ethereum and Forsage Tron would remain active, but encouraged investors to join Forsage Binance: “Launching on a new blockchain gives you the opportunity not to waste time so that your teams does [sic] not fade away. But we will continue to support the work of the Ethereum and Tron platforms both; they also have a great future, I believe.”
- (u) During the same interview on April 6, Ferrari also encouraged investors to join Binance: “Fifty people millionaires, who became millionaires in Forsage, never worry about which ID they have. They [are] never messaging me and asking ‘oh, please give me more ID, more high, more small.’ Some of them have six numbers in their ID. . . . They really take care about their teams. So the most important strategy to join in [Binance] is the classic formula; this is to take care. So, very careful to join – if you join three people, you have to ask them: ‘how many slots they going to join?’ And after this check ‘how many slots going to join their other partners?’ So do not miss payments, because when people very hurry to – ‘I want to run first’ – they can miss payments because someone can be not in time. So taking care about [your] team, this is the most important strategy to join in [Binance] program.”
- (v) And Okhotnikov concluded the April 6 interview: “I wanted to say that it is a great moment. Friends, do not miss this moment. Now we are in for a – how do you say? – frenzy of excitement. And this is a chance to catch a wave of huge cash flows. Yes, of course Forsage is a long term business and you can



always create a large source of income here. But the psychology of the majority is so arranged that they react more actively to new items, especially such grandiose ones. And we have never had as many opportunities as we do now. On the one hand this is the blockchain itself – the Binance Smart Chain – on which everything will simply fly. You know? And on another hand, we now have more resources and developments that we can use to their full potential. So do not oversleep the new launch of Forsage. You can very soon change your whole life. Raise it to a new quality level.”

- (w) On January 13, 2022, while promoting Forsage BUSD, Ellis again tried to dispel concerns that Forsage is a pyramid scheme: “A lady asked me yesterday: she said, Is it one of those pyramid things? I’m like, what is that? What is a pyramid thing? Well, they call everything where if you’ve got to invite somebody, they call that a pyramid. Yes, we are inviting you. Without us being able to invite you to this program, we couldn’t help you make money. So, whatever they call that that you invite somebody to show them how to make money, if they want to call it a pyramid or whatever, so be it. Call it a pyramid. But all we know is that we have created a system that is simply amazing, where we’re gonna be able to do the recruiting for you. And that pyramid scheme that you might have heard someone who doesn’t understand what’s going on – they’re ignorant to what’s happening – they call it certain names and they have no clue what it is. *But, of course, we’re not part of a pyramid scheme. That’s not what we have. We have an amazing marketing program that any other company has, because it’s all about community – it’s all about people.* People drive sales. People. People drive product sales. You know, you have to have somebody to sell your product to. And what we’re selling is digital products, digital real estate, smart contracts.” (emphasis added).
- (x) On January 26, 2022, during Ellis’ weekly webinar on the Forsage Official YouTube channel, Okhotnikov reiterated his prior position denying that Forsage is a scheme: “And we could always honestly answer that we have nothing to do with financial pyramids. Forsage is anti-pyramid because, firstly, your opportunity to earn is equal to others regardless of what ID you have. Secondly, in Forsage there are no economically unreasonable risky marketing payments, as in Ponzi schemes, for example. These are the most important principles that I have always followed and will follow, including in the future at new stages of development with the advent of new opportunities, and of course also our other principles: maximum decentralization, you know, everything in Forsage, and your independence and security of your business, fair rewards for activity. And, what else? Involvement in the team together with which it is easier for us to achieve success. As well as complete transparency and honesty. To these principles, we add perfectly calculated marketing; a long term strategy. Our community is reaching a fundamentally new level, so I think every one of you now has a chance to quickly grow with us in our new steps. There will be many great news very soon.”

(y) Ellis then praised Okhotnikov during the January 26 webinar: “And we're excited about that. We all see that – the transparency, we see the honesty, we see the hard work of your team, we see the love that you all have for people. All of that is feeding into your community. Everything you said is feeding into your community. We can see that very clearly and that's why we are here and that's why people are staying and building here, because we know that it's here for a long time to come. And we thank you so much for that and we're looking forward to the many new things to come. Because we know that you guys see all the wonderful things developing in the world of cryptocurrency and we know that we're going to stay right there with you – with the wheel, as it rolls we're going to roll right there with you all.”

82. Additionally, the Crypto Crusaders' Facebook pages contained at least two posts purportedly addressing the question of whether Forsage was an illegal scheme, and falsely representing to the public that it was not:

✓ Why Forsage Is Not A Pyramid Scheme ...

WHY FORSAGE IS ABSOLUTELY NOT A PYRAMID SCHEME !!	WHY FORSAGE IS ABSOLUTELY NOT A PYRAMID SCHEME !! cont..
<b>PYRAMID</b>	<b>PYRAMID</b>
PROMISES PAYMENTS TO ITS MEMBERS	THE EARLIER YOU AVOID THE MORE YOU EARN
LOWER TIER HAVE TO RECRUIT 100% OR 1000% OF NEW MEMBERS TO ENSURE A PROFIT	CAN BE CLOSED AT ANY TIME
OFTEN ILLEGAL WITH NO PRODUCT OR SERVICE TO OFFER	CENTRALIZED HIERARCHY WITH NO CLARITY OR SCRUTINY AVAILABLE FOR MEMBERS
NORMALLY CREATES DEBTS OR OTHER OBLIGATIONS	HERARCHY AND CREATORS CONTROL THE MAJORITY OF PROFITS
LARGE PORTIONS OF INVESTMENTS ARE CONCENTRATED IN THE HANDS OF THE CREATORS	HERARCHY, CREATORS OR EXECUTIVES CAN ASCEND WITH FUNDS
	PLATFORM CAN CRASH, SHUT DOWN OR BE HACKED
	HERARCHY CAN CHANGE TERMS AT ANY TIME
<b>FORSAGE</b>	<b>FORSAGE</b>
DOES NOT MAKE UNFULFILLABLE PROMISES TO ITS MEMBERS	REGARDLESS OF WHEN NEW MEMBERS JOIN THE OPPORTUNITIES REMAIN THE SAME
EACH MEMBER'S SUCCESS IS ENTIRELY IN THEIR OWN HANDS. THE STRUCTURE IS SUSTAINABLE AND STABLE EVEN IF IT INCREASES 100% (AND)	CANNOT BE CLOSED BY ANY GOVERNMENT DUE TO ITS DECENTRALIZED NATURE
PROFITS COME FROM ADOPTS, ALONGSIDE AND BELOW AND ARE TOTALLY TWO-WAY	NO CENTRAL BOARD OR EXECUTIVES. CREATORS ARE JUST MEMBERS LIKE EVERY OTHER MEMBER
MEMBERS SPECIFY THEIR OWN GOALS WITHIN THE PLATFORM AND FULLY INFORMED NEW MEMBERS HAPPILY FUND THESE SPONSORS GOALS. THIS IS CROWD FUNDING TOTALLY LEGAL, NOT FUNDING HOODLUMS, INDEBTED PATRONS, OR SCAM ARTISTS. THE MINIMAL FUNDING CAN BE RECOVERED VERY SOON AFTER JOINING, AND CONSEQUENT LEVELS ARE FUNDED FROM PROFITS AND FURTHER REWARD OF OWN CAPITAL. NECESSARY - VERY INTERESTING. BONUS	ANY NEW MEMBER IS ON AN EQUAL FOOTING WITH THE CREATORS OR EARLY MEMBERS, REGARDLESS OF OPPORTUNITIES TO EARN
PROFITS GO TO ALL MEMBERS WHO PURCHASE A NEW "SMART CONTRACT" WHICH IS FUNDAMENTAL TO THE LONGEVITY AND SUCCESS OF THE PLATFORM	NO HIERARCHY, NO FUNDS HELD CENTRALLY, ABSOLUTELY NO RISK OF ANY FUND TRUST
	THE PLATFORM CANNOT CRASH OR SHUT DOWN. THE PLATFORM CAN STILL FUNCTION EVEN IF THE WEBSITE WERE HACKED. ALL DATA AND LINKS TO YOUR WOULD REMAIN INTACT
	TERMS OF THE PLATFORM CANNOT BE ALTERED IN ANY WAY DUE TO THE "SMART CONTRACT" IT IS BASED UPON
	CREATORS HAVE NO INFLUENCE OVER THE TERMS

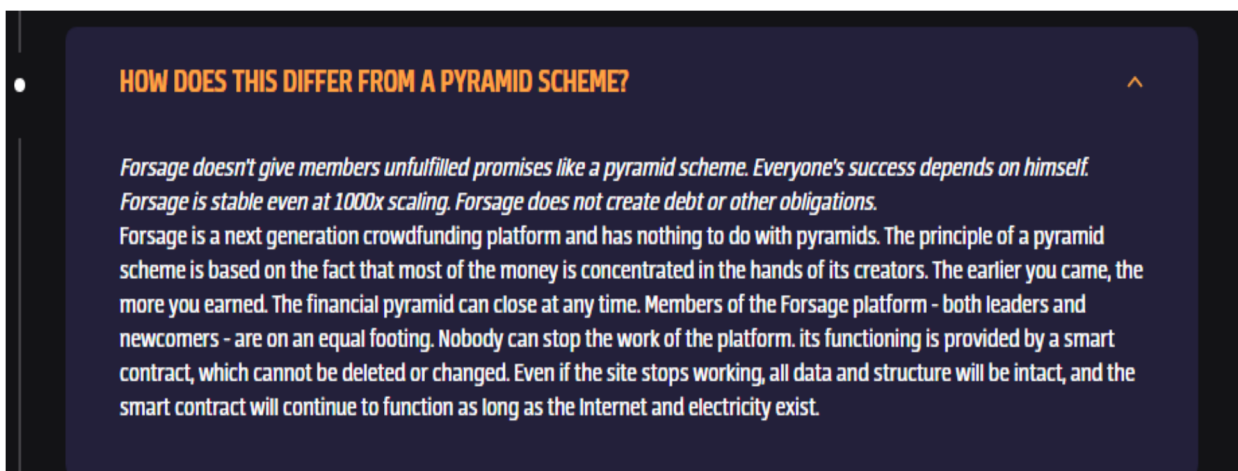
**WHY FORSAGE IS NOT A PONZI SCHEME**

Bradley Oprendeck  
NOV 14, 2020

261  
171 Comments

83. Moreover, at least as of January 8, 2021, Forsage's website itself contained a specific question and answer as to whether Forsage was a pyramid scheme, and the website falsely denied that it was:





84. Despite the accusations that Forsage was a fraud, Defendants continued to host videos, seminars, and instructional communications on Forsage's website, Official YouTube channel, the Forsage Academy, and Defendants' own social media platforms, under the guise these were in furtherance of promoting investments in a legitimate MLM. Instead, these actions by Defendants were inherently deceptive acts in support of a pyramid and Ponzi scheme. And despite all of this, Defendants failed to disclose Forsage's true nature to investors, even after being confronted with warning signs and accusations that Forsage was a scam, both from the Philippines Commission and the Montana CSI. In addition, notwithstanding their central role in promoting Forsage, neither the Promoters nor the Crypto Crusaders investigated the warning signs or accusations or made any effort to evaluate Forsage's legitimacy.

85. Because Defendants operated and promoted Forsage as an illegal pyramid and Ponzi scheme, they knew, or were reckless in not knowing, that Forsage was dependent on the continued recruitment of additional investors. In addition, given their prior experience in the MLM industry, they further knew, or were reckless in not knowing, that Forsage's model was not sustainable.

86. Indeed, the vast majority of the proceeds raised on Forsage Ethereum and Forsage Tron came in the first 11 months of Forsage's operation, after which sales of slots fell off

precipitously to virtually nothing. The following charts depict, as an example, the rise and fall of participation on Forsage Ethereum x3/x4 and xGold from inception through April 30, 2022:

**Forsage Ethereum x3 and x4**

<b>Month (2020-22)</b>	<b>Proceeds Received by Forsage (Eth)</b>	<b>Percentage of Proceeds Received (Eth)</b>	<b>Number of Transactions</b>
January	61	0.01%	481
February	1,110	0.15%	10,906
March	2,912	0.40%	19,693
April	18,113	2.49%	125,955
May	34,669	4.76%	266,319
June	133,032	18.26%	681,356
July	252,007	34.58%	1,029,022
August	148,607	20.39%	585,037
September	38,320	5.26%	143,157
October	30,262	4.15%	126,687
November	32,804	4.50%	136,411
December	25,294	3.47%	105,162
January	8,301	1.14%	62,608
February	2,020	0.28%	16,196
March	790	0.11%	4,464
April	227	0.03%	1,675
May	81	0.01%	854
June	34	0.0047%	447
July	21	0.0029%	233
August	18	0.0025%	211
September	5	0.0007%	63
October	7	0.0010%	49
November	1	0.0001%	8
December	0.2	0.00002%	3
January	2	0.0002%	10
February	9	0.0013%	65
March	2	0.0003%	20
April	0.3	0.00004%	6
<b>Total</b>	<b>728,710</b>	<b>100%</b>	<b>3,317,098</b>

**Forsage Ethereum xGold**

<b>Month (2021-22)</b>	<b>Proceeds Received by Forsage (Eth)</b>	<b>Percentage of Proceeds Received (Eth)</b>	<b>Number of Transactions</b>
January	9,963	96.01%	46,052
February	264	2.55%	2,500
March	48	0.46%	444
April	69	0.66%	394
May	17	0.16%	157
June	9	0.09%	91
July	3	0.03%	55
August	3	0.03%	42
September	0.2	0.001%	5
October	0.3	0.002%	6
November	0.4	0.003%	3
December	0.0	0%	0
January	0.1	0.001%	1
February	0.5	0.004%	10
March	0.2	0.002%	4
April	0.2	0.002%	3
<b>Total</b>	<b>10,377</b>	<b>100%</b>	<b>49,767</b>

87. By early 2021, Forsage was not realizing any new meaningful sales of slots on Forsage Ethereum or Forsage Tron. Accordingly, in March 2021, Okhotnikov announced the creation of Forsage Binance. In a video posted on the Forsage Official YouTube channel on March 8, 2021, Okhotnikov falsely claimed the new platform was in response to slowed participation on Forsage Ethereum and Forsage Tron, when in actuality, it was merely a continuation of the scheme and an effort to keep funds flowing to Defendants: “We now have a strange situation wherein popularity is growing, new traffic comes to us, new people come[] to us, and the activity of [the] program is falling due to difficulties on Ethereum and on Tron. The fees on Ethereum are too huge. On Tron, transactions are difficult and fees have also increased. People come to Forsage but cannot complete transactions.” He noted that launching Forsage Binance would enable

Forsage to “keep active” until it could “actively develop Ethereum and Tron again.”

**COUNT I**

**Unregistered Offers and Sales of Securities in Violation of  
Sections 5(a) and 5(c) of the Securities Act**

**(Against all Defendants)**

88. The Commission repeats and realleges Paragraphs 1 through 87 of its Complaint.

89. The offer and sale of slots in Forsage’s smart contracts, and the attendant right of investors to earn compensation from sales of those slots and profit sharing from spillover payments through those slots, was an offer and sale of securities.

90. Defendants directly or indirectly offered and sold slots and/or were necessary participants or substantial factors in the offer and sale of slots because they conceived of, planned, and/or participated in the scheme through which the unregistered securities were offered and sold.

91. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint and no exemption from registration exists with respect to these securities and transactions.

92. Defendants directly or indirectly (a) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of a prospectus or otherwise; (b) carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; and (c) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, any securities, without a registration statement having been filed or being in effect with the Commission as to such securities.

93. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

**COUNT II**

**Fraud in Violation of Section 17(a)(1) of the Securities Act**

**(Against all Defendants)**

94. The Commission repeats and realleges Paragraphs 1 through 87 of its Complaint.

95. Defendants, in the offer or sale of any securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly, employed a device, scheme or artifice to defraud.

96. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

**COUNT III**

**Fraud in Violation of Section 17(a)(3) of the Securities Act**

**(Against all Defendants)**

97. The Commission repeats and realleges Paragraphs 1 through 87 of its Complaint.

98. Defendants, in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently engaged in a transaction, practice or course of business which operated or would operate as a fraud or deceit upon the purchaser of such securities.

99. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

**COUNT IV**

**Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act**

**(Against all Defendants)**

100. The Commission repeats and realleges Paragraphs 1 through 87 of its Complaint.

101. Defendants directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly employed a device, scheme or artifice to defraud, in connection with the purchase or sale of securities.

102. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a).

**COUNT V**

**Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act**

**(Against all Defendants)**

103. The Commission repeats and realleges Paragraphs 1 through 87 of its Complaint.

104. Defendants directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly engaged in an act, practice or course of business which operated or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of securities.

105. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests the Court find that Defendants committed the violations charged and that, as a result of these violations, Defendants received ill-gotten gains; and enter judgments:

**I.**

**Permanent Injunctions**

Permanently restraining and enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from directly or indirectly violating the federal securities laws alleged in this Complaint; and further permanently restraining and enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from directly or indirectly (1) offering, operating, or participating in any marketing or sales program in which the participant is compensated or promised compensation solely or primarily for (a) inducing another person to become a participant in the program; or (b) if such induced person induces another to become a participant in the program; and (2) participating directly or indirectly in any offering of crypto asset securities; provided, however, that, such injunction shall not prevent each of them from purchasing or selling crypto asset securities for their own personal accounts.

**II.**

**Disgorgement**

Ordering the Founders to disgorge on a joint and several basis, with prejudgment interest,

the net profits they received from their ill-gotten gains as a result of the acts or courses of conduct alleged in this Complaint, and ordering the remaining Defendants to disgorge, with prejudgment interest, the net profits they each received from their ill-gotten gains as a result of the acts or courses of conduct alleged in this Complaint, pursuant to Section 21(d)(7) of the Exchange Act, 15 U.S.C. § 78u(d)(7).

### **III.**

#### **Penalties**

Ordering Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d); and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

### **IV.**

#### **Further Relief**

Granting such other and further relief as the Court determines to be necessary and appropriate.

### **V.**

#### **Retention of Jurisdiction**

Further, the Commission respectfully requests the Court retain jurisdiction over this action and over Defendants in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

#### **JURY DEMAND**

The Commission demands a trial by jury as to all claims so triable.



DATED: August 1, 2022

Respectfully submitted,

SECURITIES AND EXCHANGE COMMISSION

By: /s/ Timothy S. Leiman

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*Pro Hac Vice Applications to be Filed*

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